



# Annual General Meeting

14 November 2019

**Donald McLay**  
Chairman





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**Rod Bristow**

Chief Executive Officer

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# Clime Investment Management Limited

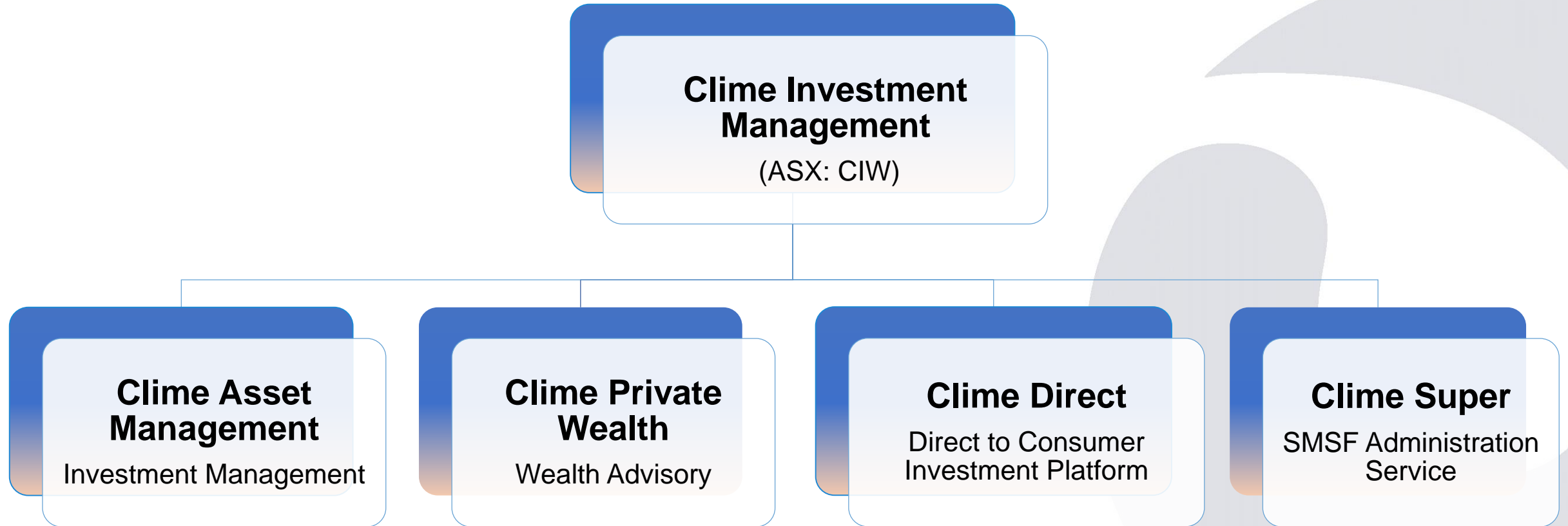
Traditional  
business

Diversify and  
grow

Trusted adviser

| Investment Management   | New Initiatives          | Client Focus  |
|---|--------------------------|---|
| Individually Managed Accounts<br><i>(Wholesale clients only)</i>              | Private Wealth Advice    | CRM and client engagement   |
| Separately Managed Accounts<br><i>(Wholesale and retail clients)</i>          | Third Party Distribution | Culture, compliance and client feedback (Net Promoter Score) part of reward and recognition |
| Managed Funds<br><i>(Wholesale and retail clients)</i>                        |                          | Integrated education, advice, investment management and reporting                           |
| Listed Investment Company (ASX: CAM)<br><i>(Wholesale and retail clients)</i> |                          |   |

# The Clime Group



# Clime – Positioning

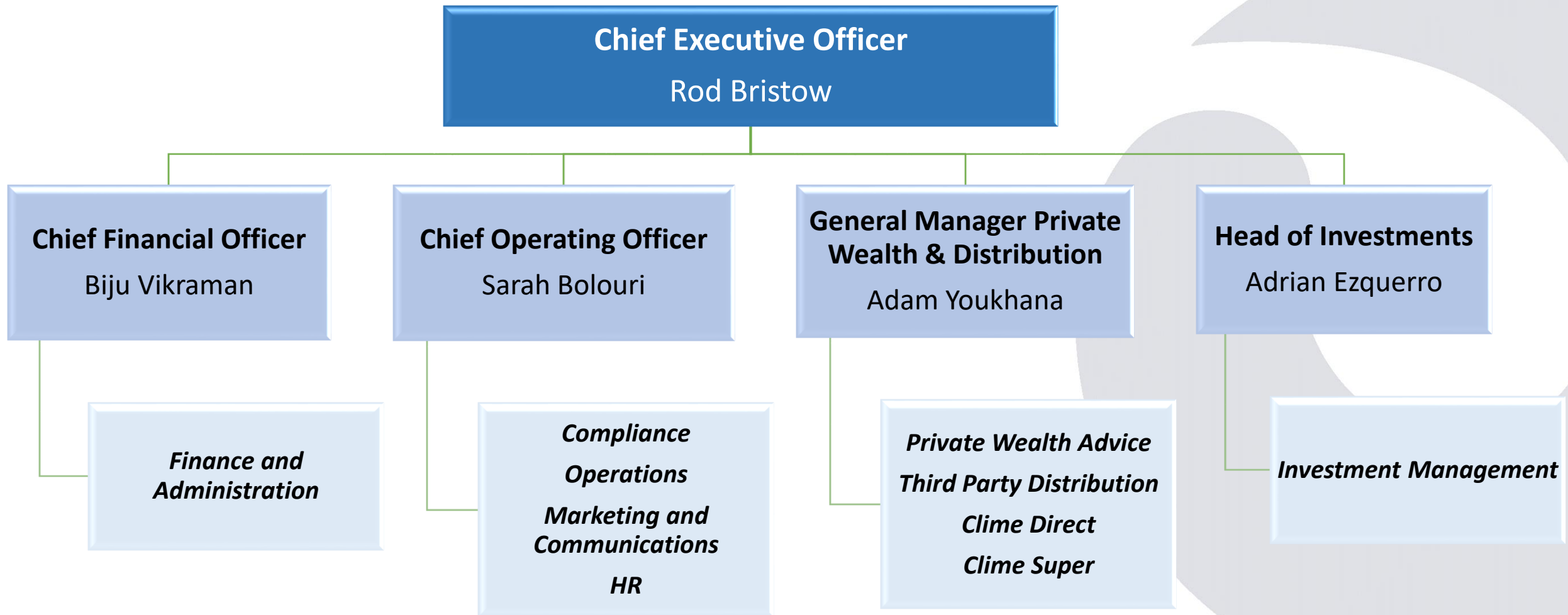
| Operating Segment               | Market Position  | Clime Positioning   |
|---------------------------------|--|---|
| <b>Investment Management</b>    | <ul style="list-style-type: none"> <li>– Crowded market</li> <li>– Passive investments gaining market share</li> <li>– Insourcing of investment management by large super funds</li> </ul>                       | <ul style="list-style-type: none"> <li>– Robust investment process delivering positive returns that demonstrates the benefits of active management</li> <li>– Niche strategies to differentiate (All Cap, Smaller Companies, Fixed Income)</li> </ul> |
| <b>Private Wealth Advice</b>    | <ul style="list-style-type: none"> <li>– Lack of trust in retail financial advice</li> <li>– Value exchange for clients unclear</li> </ul>   | <ul style="list-style-type: none"> <li>– Tailored wholesale financial advice</li> <li>– Multi-asset class investment solutions to deliver target returns at a defined level of risk</li> </ul>  |
| <b>Third party distribution</b> | <ul style="list-style-type: none"> <li>– <b>Financial</b> advice adjusting to post-Royal Commission operating model</li> <li>– Institutions exiting and non-aligned financial adviser segment growing</li> </ul> | <ul style="list-style-type: none"> <li>– Supporting financial advisers with sound investment performance, information and knowledge to empower their clients</li> </ul>   |
| <b>DIY Investor Platform</b>    | <ul style="list-style-type: none"> <li>– Structural change as competitive pressure on advice margins post Royal Commission</li> </ul>  | <ul style="list-style-type: none"> <li>– Making finance simple with integrated information, investment execution and reporting for DIY Investors</li> </ul>   |
| <b>SMSF Administration</b>      | <ul style="list-style-type: none"> <li>– Fragmented market</li> <li>– SMSF audits moving from annually to 3-yearly</li> </ul>  | <ul style="list-style-type: none"> <li>– Ease and convenience for Private Wealth clients to have assets managed and reported within the one group</li> <li>– Opportunities from SMSF audit changes</li> </ul>   |

# FY19 Operational Summary

- Disciplined FY19 strategy execution
  - Group
  - Investment Management
  - Future growth



# Leadership Team





# Investment Products

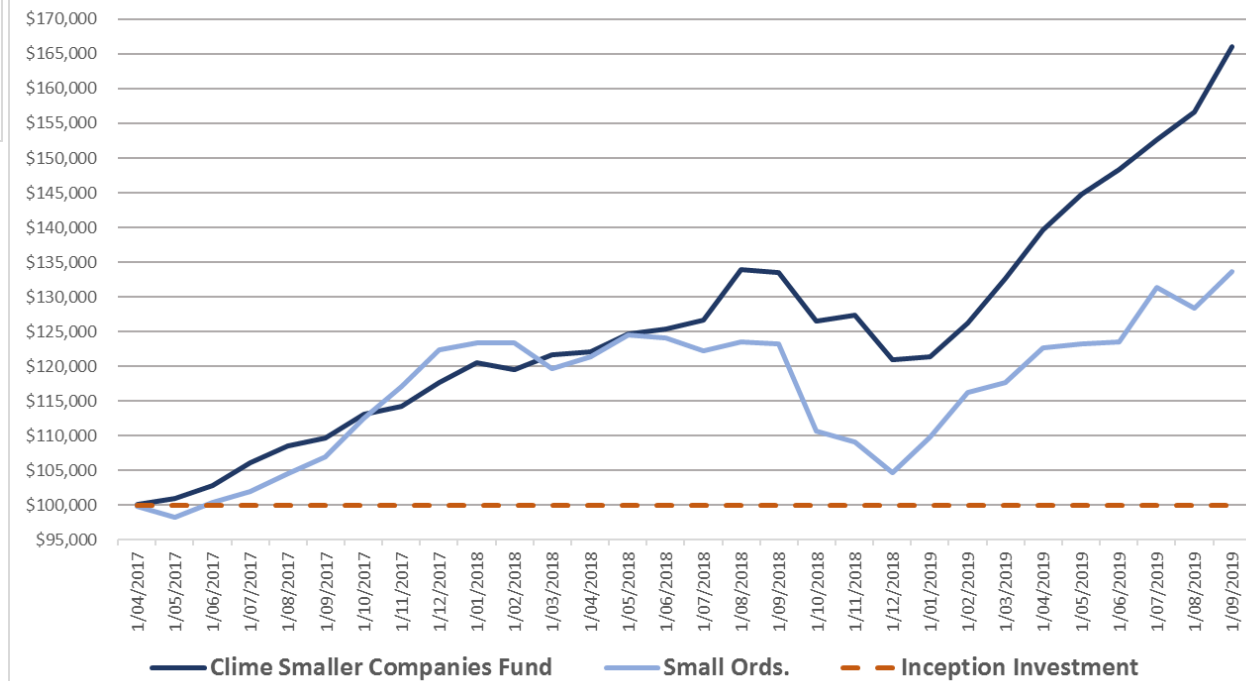
| Investment type                             | Clime Group Product   | Suitable for...  | AUM (\$M)<br>30/9/19 |
|---|---|--|----------------------|
| <b>Individually Managed Accounts (IMAs)</b> | <ul style="list-style-type: none"> <li>All Cap Australian Equity IMA</li> <li>High Conviction Australian Equity IMA</li> <li>Income IMA</li> <li>Balanced Ethical Income IMA</li> </ul>   | Wholesale investors only   | \$462                |
| <b>Separately Managed Accounts (SMAs)</b>   | <ul style="list-style-type: none"> <li>Clime Conservative Portfolio</li> <li>Clime Balanced Portfolio</li> <li>Clime Growth Portfolio</li> <li>Clime High Growth Portfolio</li> </ul>   | Wholesale and Retail investors   | \$80                 |
| <b>Managed Funds</b>                        | <ul style="list-style-type: none"> <li>Clime CBG Australian Equities Fund</li> <li>Clime Smaller Companies Fund</li> <li>Clime International Fund</li> <li>Clime Australian Income Fund</li> <li>Clime Fixed Interest Fund</li> </ul> | Wholesale and Retail investors<br>(Clime Fixed Interest Fund wholesale only) | \$277                |
| <b>Listed Investment Company</b>            | <ul style="list-style-type: none"> <li>Clime Capital Limited (ASX: CAM)</li> </ul>  | Wholesale and Retail investors   | \$142                |



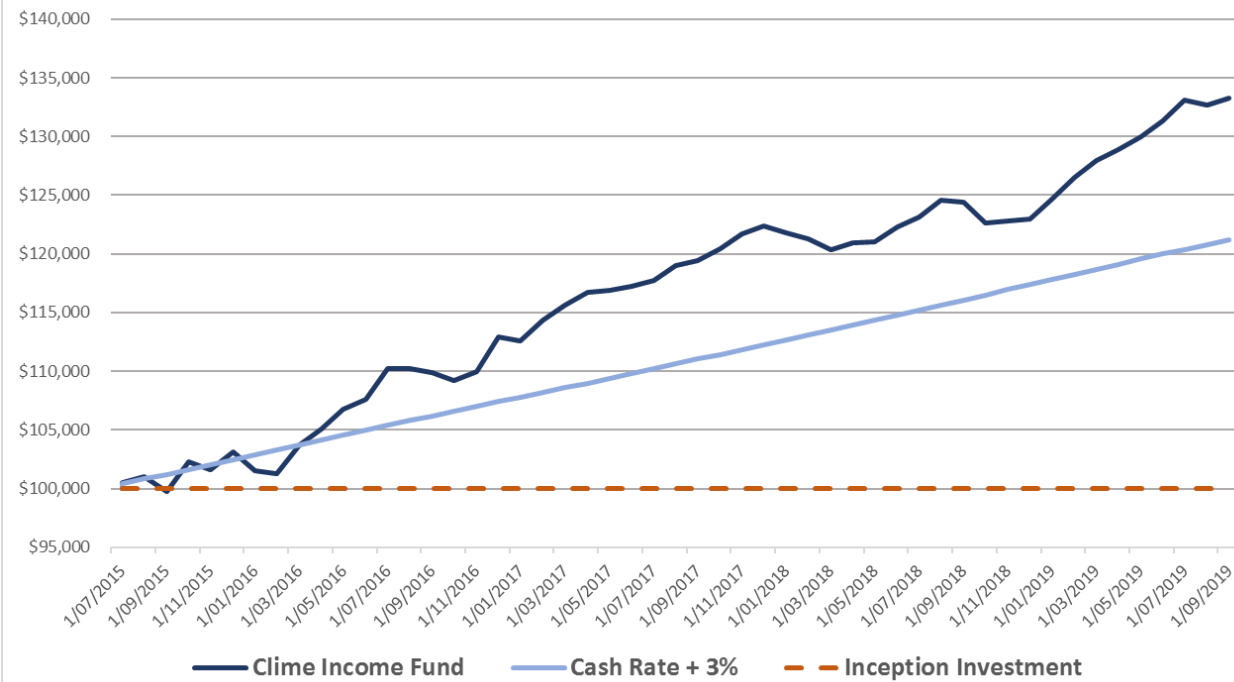
# Investment Performance to 30/9/19

**Clime Smaller Companies Fund**  
23.23% annualised net return (after fees)

\$100,000 Investment Accumulation

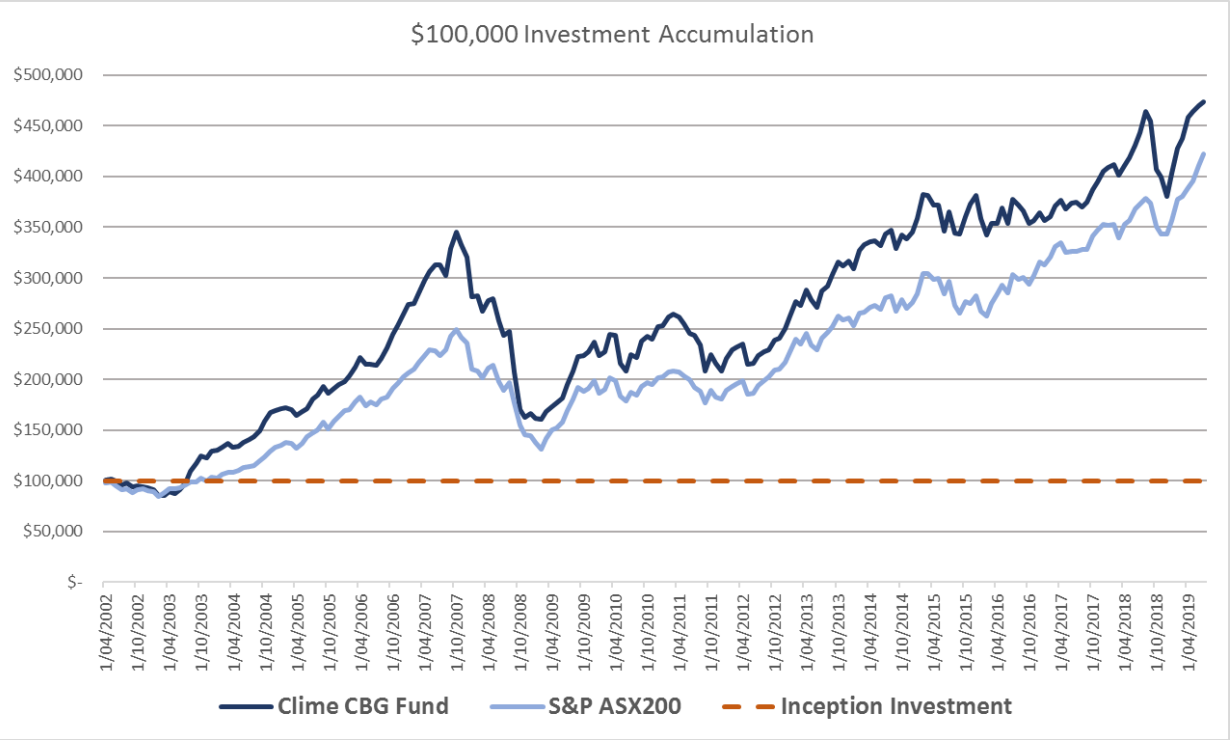


\$100,000 Investment Accumulation



**Clime Australian Income Fund**  
7.00% annualised net return (after fees)

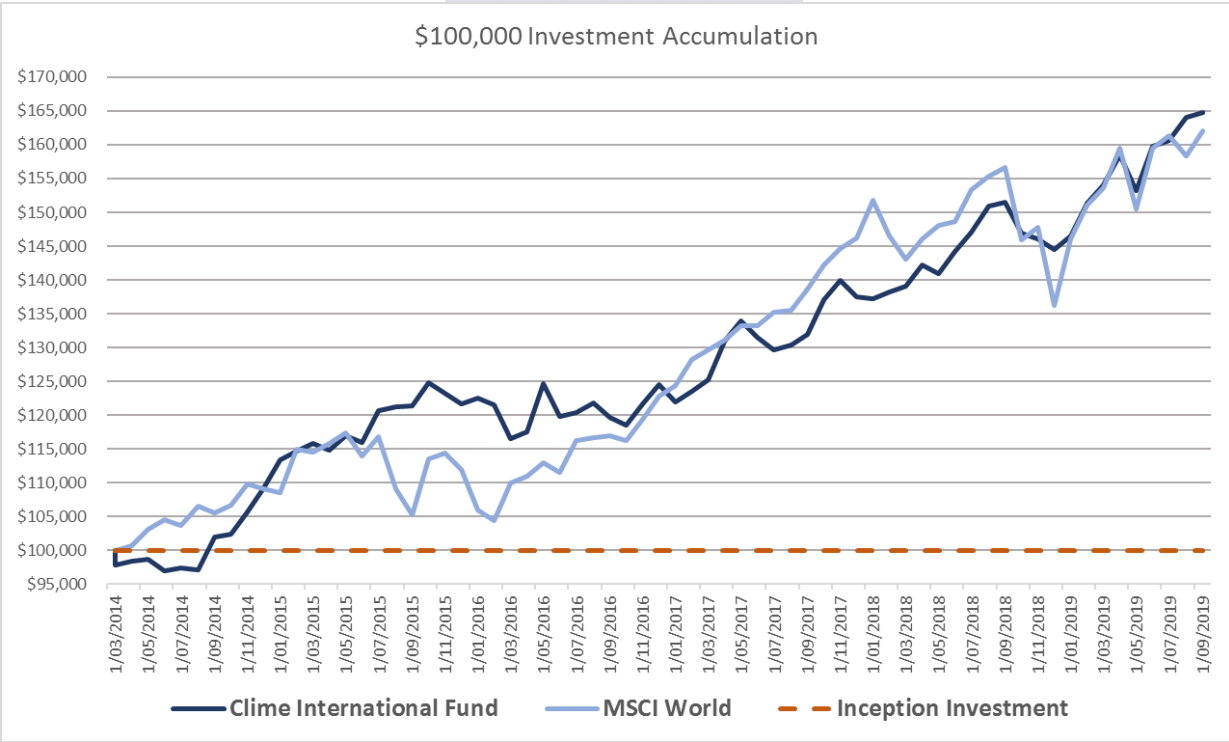




**Clime CBG Australian Equities Fund**  
9.52% annualised net return (after fees)



**Clime International Fund**  
9.36% annualised net return (after fees)





# FY19 Summary

## Financial results

**Assets Under Management  
(AUM) \$961M at 30/9/19**

*Up 4.1% from \$924M at 30/6/19*

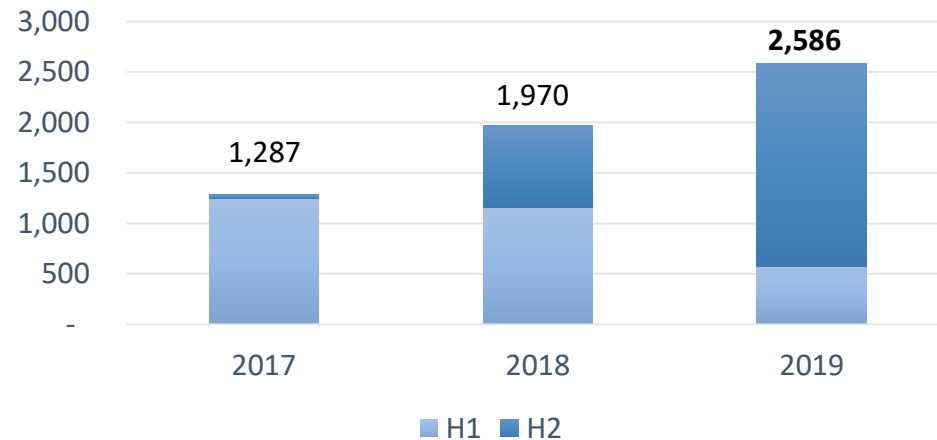


|   | 2019<br>(\$) | 2018<br>(\$) |
|---|--------------|--------------|
| Funds management and related activities revenue                 | 8,900,938    | 8,865,132    |
| Investment software revenue                                     | 448,269      | 546,830      |
| Administrative and occupancy expenses                           | (7,208,067)  | (5,701,648)  |
| Third party custody, management & funds administration services | (1,154,474)  | (1,095,640)  |
| Operating business activities revenue less administrative costs | 986,666      | 2,614,674    |
| FUM growth incentives and marketing                             | (418,707)    | (1,334,682)  |
| Operating business margin                                       | 567,959      | 1,279,992    |
| Performance fees  | 2,727,511    | 1,081,205    |
| Short-term incentives   | (1,220,643)  | (615,653)    |
| Direct investment income  | 1,130,193    | 460,308      |
| Income from joint venture                                       | 13,130       | 2,808        |
| Underlying cash profit  | 3,218,150    | 2,208,660    |
| Redundancy costs  | (283,537)    | (237,946)    |
| Other non-recurring expenses                                    | (348,880)    | -            |
| Depreciation of property, plant and equipment                   | (42,826)     | (33,636)     |
| Amortisation of intangibles                                     | (446,760)    | (569,782)    |
| Statutory profit before income tax                              | 2,096,147    | 1,367,296    |
| Income tax expense attributable to operating profit             | (634,703)    | (303,037)    |
| Statutory profit after income tax                               | 1,461,444    | 1,064,259    |

# Focus on growth

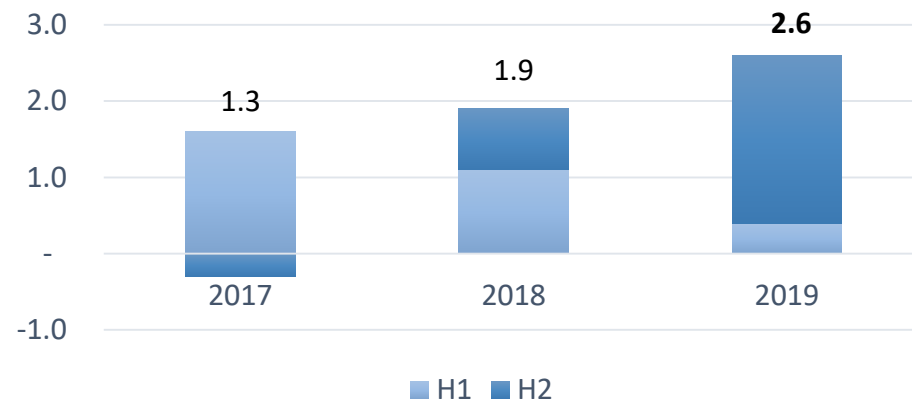
CAGR 26.2%

## EBITDA ('000)



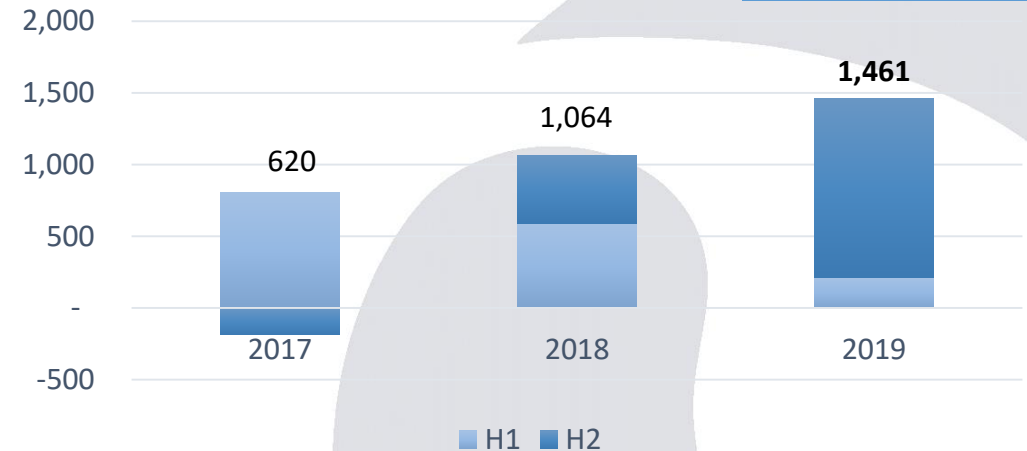
CAGR 26.0%

## Earnings Per Share (cps)\*



## NPAT ('000)\*

CAGR 33.1%



Fully franked grossed up dividend yield of **6.3% p.a** based on 30 June 2019 closing price

Half yearly volatility will decrease over time as capital is redeployed to fund growth; and performance fees assessed biannually



*\*2017 NPAT and EPS adjusted for one off tax write back due to demerger of JASCO Ltd.*

# Outlook

- **Clime is at a key scale point**
- Continued focus on enhancing return on equity through
  - Organic growth
    - Assets under management
    - Private Wealth Advice clients
  - Business simplification and technology efficiency
  - Mergers and acquisitions that deliver scale and optimize operational leverage





Thank you